

FORK TOWNSHIP
MECOSTA COUNTY, MICHIGAN
AUDIT REPORT
MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* FORK TOWNSHIP	County* MECOSTA	Type* TOWNSHIP	MuniCode* 54-1-070
Opinion Date-Use Calendar* Oct 14, 2008	Audit Submitted-Use Calendar* Oct 28, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
<input type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ?	\$ 184,290.00
General Fund Expenditure:	<input type="checkbox"/> ?	\$ 116,425.00
Major Fund Deficit Amount:		\$ 0.00

General Fund Balance:	<input type="checkbox"/> ?	\$ 288,123.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ?	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* TERRY	Last Name* KIRKPATRICK	Ten Digit License Number* 110108035		
CPA Street Address* 211 MAPLE STREET	City* BIG RAPIDS	State* MI	Zip Code* 49307	Telephone* +1 (231) 796-3332
CPA Firm Name* TERRY KIRKPATRICK, CPA	Unit's Street Address* 211 MAPLE STREET	Unit's City* BIG RAPIDS	Unit's Zip* 49307	

CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	5
Statement of Activities	6
Governmental Fund Financial Statements	
Balance Sheet	7
Statement of Revenues, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	9
Fiduciary Fund	
Statement of Net Assets	10
Notes to Financial Statements	11-14
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	15
Budgetary Comparison Schedule – Fire Fund	16
Fire Equipment Fund	17
Other Supplemental Information	
Balance Sheet – Non-Major Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	19

TERRY KIRKPATRICK, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET
P O BOX 817
BIG RAPIDS, MICHIGAN 49307-0817
(231) 796-3332
FAX (231) 796-5554

Independent Auditor's Report

To the Township Board
Fork Township, Mecosta County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fork Township, Mecosta County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise Fork Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Fork Township, Mecosta County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fork Township, Mecosta County, Michigan, as of March 31, 2008, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fork Township, Michigan's basic financial statements. The introductory section, combining and individual non-major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and pages 15-19, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Terry Kirkpatrick CPA, P.C.

Big Rapids, Michigan
October 14, 2008

Fork Township – Mecosta County, Michigan

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of Fork Township, as a whole, and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's net assets increased during the year. In a condensed format, the table below shows the net assets as of the current date:

	<u>2008</u>
Current Assets	\$ 477,401
Non-current Assets	<u>132,686</u>
	<u><u>\$ 610,087</u></u>
 Total Liabilities	 \$ 3,365
 Net Assets	
Invested in Capital Assets	132,686
Unrestricted	<u>474,036</u>
Total net assets	<u><u>606,722</u></u>
 Total liabilities and net assets	 <u><u>\$ 610,087</u></u>

The following table shows the changes of the net assets as of the current date:

	<u>2008</u>
General Revenues	
Property Taxes	\$ 126,624
State Grants	92,001
Charges for Services	23,976
Interest Earnings and Rents	13,951
Other Revenue	<u>42,951</u>
Total revenues	299,503
Program Expenses	
General Government	104,533
Public Safety	61,528
Public Works	11,445
Cultural and Recreational	178
Other Functions	9,953
Depreciation	<u>14,788</u>
Total expenses	<u>202,425</u>
Change in Net Assets	<u>\$ 97,078</u>

The Township's Funds

Our analysis of the Township's major funds begins on page 7, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major fund includes the General Fund.

The General Fund pays for most of the Township's governmental services, which are partially supported by an operating tax millage and State revenue sharing.

General Fund Budgetary Highlights

Fork Township found it necessary to amend the General Fund budget during the year as various events occurred.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had \$265,000 invested in a broad range of capital assets including buildings and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Mecosta County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates

The Township budget for the next fiscal year will be similar to this past years' budget. State revenue sharing has shown declines in recent years and may be so again for the next year.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

BASIC FINANCIAL STATEMENTS

Fork Township – Mecosta County, Michigan
Government Wide Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 445,052
Delinquent Personal Tax	191
Receivables - Other Governmental Units	32,158
Capital Assets (Net)	<u>132,686</u>
Total assets	<u><u>\$ 610,087</u></u>
LIABILITIES	
Payroll Tax Payable	\$ 3,365
NET ASSETS	
Invested in capital assets, net of related debt	132,686
Unrestricted	<u>474,036</u>
Total net assets	<u><u>606,722</u></u>
Total liabilities and net assets	<u><u>\$ 610,087</u></u>

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan
Government Wide Statement of Activities
For the Year Ended March 31, 2008

	Expenses	Program Revenues Charges for Services	Operating Grants	Governmental Activities Net (Expense) Revenue and Changes in Net Assets
PRIMARY GOVERNMENT				
General Government				
Public Safety	\$ 104,533	\$ 0	\$ 0	\$ (104,533)
Public Works	61,528	0	0	(61,528)
Cultural and Recreation	11,445	0	0	(11,445)
Other Functions	178	0	0	(178)
Depreciation (unallocated)	9,953	0	0	(9,953)
	14,788	0	0	(14,788)
Total primary government	\$ 202,425	\$ 0	\$ 0	\$ (202,425)

General Revenues	
Property Tax, levied for general operations	126,624
Licenses and Permits	99
State Grants	92,001
Charges for Services	23,976
Special Assessments	9,243
County Contributions	19,966
Interest Earnings and Rents	13,951
Transfer from Cemetery P.C. Fund	689
Other Revenue	12,954
Total general revenues	299,503
Change in Net Assets	97,078
Net assets - Beginning of year	509,644
Net assets - End of year	<u>\$ 606,722</u>

The "Notes to Financial Statements" are an integral part of these statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fork Township – Mecosta County, Michigan
Governmental Fund Balance Sheet
March 31, 2008

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Fire Equipment Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 265,608	\$ 43,711	\$ 120,333	\$ 15,400	\$ 445,052
Delinquent Personal tax	82	78	31	0	191
Due from Other Funds	3,184	0	0	0	3,184
Due from Other Governmental Units	20,530	6,267	2,506	1,390	30,693
Total assets	<u>\$ 289,404</u>	<u>\$ 50,056</u>	<u>\$ 122,870</u>	<u>\$ 16,790</u>	<u>\$ 479,120</u>
LIABILITIES AND FUND EQUITY					
Payroll tax Payable	\$ 1,281	\$ 1,173	0	\$ 911	\$ 3,365
Due to Other Funds	0	1,719	0	0	1,719
Fund Balance - Unreserved and Undesignated	288,123	47,164	122,870	15,879	474,036
Total liabilities and fund equity	<u>\$ 289,404</u>	<u>\$ 50,056</u>	<u>\$ 122,870</u>	<u>\$ 16,790</u>	<u>\$ 479,120</u>
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets					
Total Governmental Fund Balances				\$	\$ 474,036
Amounts reported for governmental activities in the statement of net assets are different because:					
Cost of capital assets, net of depreciation					<u>132,686</u>
Net assets of governmental activities				\$	<u>\$ 606,722</u>

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2008

	General Fund	Fire Fund	Fire Equipment Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property Tax	\$ 59,693	\$ 47,812	\$ 19,119	\$ 0	\$ 126,624
Licenses and Permits	99	0	0	0	99
State Grants	92,001	0	0	0	92,001
County Contributions	0	0	0	19,966	19,966
Charges for Services	10,002	13,974	0	0	23,976
Interest and Rents	9,144	1,068	3,251	488	13,951
Special Assessments	0	0	0	9,243	9,243
Other Revenue	11,152	1,802	0	0	12,954
Transfer from Other Funds	2,199	0	13,974	0	16,173
Total revenues	184,290	64,656	36,344	29,697	314,987
EXPENDITURES					
General Government	104,533	0	0	0	104,533
Public Safety	0	45,569	1,002	14,957	61,528
Public Works	1,939	0	0	9,506	11,445
Cultural and Recreation	0	0	0	178	178
Other Functions	9,953	0	0	0	9,953
Transfer to Other Funds	0	13,974	0	1,510	15,484
Total expenditures	116,425	59,543	1,002	26,151	203,121
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	67,865	5,113	35,342	3,546	111,866
Fund Balance - April 1,	220,258	42,051	87,528	12,333	362,170
Fund Balance - March 31,	\$ 288,123	\$ 47,164	\$ 122,870	\$ 15,879	\$ 474,036

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended March 31, 2008

	<u>2008</u>
Net Change in Fund Balances - Total Government Funds	\$ 111,866
Amounts reported for governmental activities in the statement of activities are different because: /	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	<u>(14,788)</u>
Change in Net Assets of Governmental Activities	<u>\$ 97,078</u>

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan

Fiduciary Funds

Combined Statement of Net Assets

March 31, 2008

	Trust Fund Type <u>Cemetery P.C. Fund</u>	Agency Fund Type <u>Property Tax Collection Fund</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,500	\$ 1,465	\$ 17,965
LIABILITIES AND FUND EQUITY			
Due to General Fund	\$ 0	\$ 1,465	\$ 1,465
Fund Balance	16,500	0	16,500
Total liabilities and fund equity	\$ 16,500	\$ 1,465	\$ 17,965

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fork Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Fork Township:

Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Fork Township's property tax is levied on each December 1st on the taxable valuation of property located within Fork Township as of the preceding December 31st.

Fork Township – Mecosta County, Michigan

Notes to Financial Statements
For the Year Ended March 31, 2008

Although the Fork Township 2007 ad valorem tax is levied and collectible on December 1, 2007, it is Fork Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2007 taxable valuation of Fork Township totaled approximately \$38,606,000, on which ad valorem taxes levied consisted of 1.2002 mills for the Township operating purposes and an additional 1.2386 mills for fire protection and .4954 mills for fire equipment. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Mecosta County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Fire Fund and Fire Equipment Fund are used to record property tax and interest for expenditures for the fire department.

Additionally, the Township reports the following fund types:

The Township reports a Fiduciary Fund (Agency Fund). This fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports four non-major special revenue funds for a rescue unit and three special assessment districts.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and are considered delinquent on March 1st of the following year, at which time interest and penalties are assessed.

Capital Assets – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	40 Years
Vehicles	10-15 Years
Equipment	10 Years

Fork Township – Mecosta County, Michigan

Notes to Financial Statements

For the Year Ended March 31, 2008

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by April 1st. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 445,052

The bank balance of the primary government's deposits is \$476,926, of which \$116,500 is covered by federal depository insurance.

NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Fire Fund	Fire Equipment	Non-Major
Taxes receivable-County	\$ 6,595	\$ 6,267	\$ 2,506	\$ 1,390

Fork Township – Mecosta County, Michigan

Notes to Financial Statements

For the Year Ended March 31, 2008

NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 26,000	\$ 0	\$ 0	\$ 26,000
Capital assets being depreciated				
Buildings	61,500	0	0	61,500
Fire vehicles	167,500	0	0	167,500
Equipment	10,000	0	0	10,000
Less Accumulated depreciation for Capital assets	(117,526)	(14,788)	0	(132,314)
Net capital assets	\$ 147,474	\$ (14,788)	\$ 0	\$ 132,686

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

NOTE F– INTERFUND RECEIVABLES and PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$ 1,465
General	Fire Fund	1,719

NOTE G – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

Fork Township – Mecosta County, Michigan

Budgetary Comparison Schedule

General Fund

For the Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 220,258	\$ 220,258	\$ 220,258	\$ 0
Resources (inflows)				
Property Tax	58,200	58,200	59,693	1,493
Licenses and Permits	50	50	99	49
State Grants	80,000	80,000	92,001	12,001
Charges for Services	4,000	4,000	10,002	6,002
Interest and Rents	5,400	5,400	9,144	3,744
Other Revenue	0	0	11,152	11,152
Transfer from Rescue Fund	755	755	1,510	755
Transfer from Cemetery P.C. Fund	0	0	689	689
Amounts Available for Appropriation	368,663	368,663	404,548	35,885
Charges to Appropriations (outflows)				
General Government				
Township board	34,500	34,497	23,464	11,033
Supervisor	8,500	8,500	8,035	465
Elections	1,000	1,003	1,003	0
Assessor	18,000	18,000	16,000	2,000
Clerk	16,500	16,500	12,381	4,119
Board of review	2,500	2,500	1,552	948
Treasurer	18,000	18,000	15,844	2,156
Townhall	15,000	15,000	6,061	8,939
Cemetery	15,000	15,000	12,883	2,117
Community Center	0	8,000	710	7,290
Recycling	8,000	8,000	6,600	1,400
Public Works				
Highways, streets & bridges	50,000	42,000	0	42,000
Street lighting	2,500	2,500	1,939	561
Other Functions				
Social security/ medicare tax	1,500	1,500	1,014	486
Retirement	9,000	9,000	8,939	61
Total Charges to Appropriations	200,000	200,000	116,425	83,575
Budgetary Fund Balance - March 31,	\$ 168,663	\$ 168,663	\$ 288,123	\$ 119,460

Fork Township – Mecosta County, Michigan

Budgetary Comparison Schedule

Fire Fund

For the Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 42,051	\$ 42,051	\$ 42,051	\$ 0
Resources (inflows)				
Property Tax	48,000	48,000	47,812	(188)
Charges for Services	0	0	13,974	13,974
Interest and Rents	500	500	1,068	568
Other Revenue	800	800	1,802	1,002
Amounts Available for Appropriation	91,351	91,351	106,707	15,356
Charges to Appropriations (outflows)				
Public Safety				
Fire Department	51,000	51,000	45,569	5,431
Transfer to Fire Equipment Fund	14,000	14,000	13,974	26
BUDGETARY FUND BALANCE - March 31,	\$ 26,351	\$ 26,351	\$ 47,164	\$ 20,813

Fork Township – Mecosta County, Michigan
 Fire Equipment Fund
 For the Year Ended March 31, 2008

	<u>Actual</u>
BEGINNING OF YEAR FUND BALANCE	\$ 87,528
Resources (inflows)	
Property Tax	19,119
Interest and Rents	3,251
Transfer from Fire Fund	<u>13,974</u>
Amounts Available for Appropriation	123,872
Charges to Appropriations (outflows)	
Public Safety	
Fire Department	<u>1,002</u>
BUDGETARY FUND BALANCE - March 31,	<u><u>\$ 122,870</u></u>

OTHER SUPPLEMENTAL INFORMATION

Fork Township – Mecosta County, Michigan
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2008

	Rescue Unit	Merrill Lake	W. Chippewa	Merrill Lake	Totals
	Fund	Road S/A Fund	Vista S/A Fund	Park S/A Fund	
ASSETS					
Cash in Bank	\$ 7,317	\$ 2,015	\$ 4,554	\$ 1,514	\$ 15,400
Due from Mecosta County	0	343	900	147	1,390
Total assets	\$ 7,317	\$ 2,358	\$ 5,454	\$ 1,661	\$ 16,790
LIABILITIES AND FUND EQUITY					
Payroll Tax Payable	911	0	0	0	911
Fund Balance	6,406	2,358	5,454	1,661	15,879
Total liabilities and fund equity	\$ 7,317	\$ 2,358	\$ 5,454	\$ 1,661	\$ 16,790

Fork Township – Mecosta County, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Fund
For the Year Ended March 31, 2008

	Rescue Unit Fund	Merrill Lake Roads S/A Fund	W. Chippewa Vista S/A Fund	Merrill Lake Park S/A Fund	Totals
REVENUES					
Interest and Rents	\$ 257	\$ 63	\$ 130	\$ 38	\$ 488
Contributions from Mecosta County	19,966	0	0	0	19,966
Special Assessments	0	1,421	7,213	609	9,243
Total revenues	20,223	1,484	7,343	647	29,697
EXPENDITURES					
Public safety	14,957	0	0	0	14,957
Public Works	0	1,148	8,358	0	9,506
Cultural and Recreation	0	0	0	178	178
Transfer to General Fund	1,510	0	0	0	1,510
Total expenditures	16,467	1,148	8,358	178	26,151
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,756	336	(1,015)	469	3,546
FUND BALANCE - April 1,	2,650	2,022	6,469	1,192	12,333
FUND BALANCE - March 31,	\$ 6,406	\$ 2,358	\$ 5,454	\$ 1,661	\$ 15,879

Terry Kirkpatrick, CPA, P.C.

Certified Public Accountant

211 Maple Street
P O Box 817
Big Rapids, Michigan 49307-0817
(231) 796-3332
FAX (231) 796-5554

October 14, 2008

Members of Fork Township Board
Mecosta County, Michigan

I have recently completed my audit of the basic financial statements of Fork Township for its year ended March 31, 2008. During this audit, I had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of my auditing procedures, there are some comments and/or recommendations I would like to present.

TOWNSHIP CEMETERY

Fork Township has a township cemetery, which has previously been operated by a local cemetery association. As I understand the situation, this cemetery association may have had control of the revenue collections from the sale of cemetery lots and collection of burial fees from local funeral homes. It is also probable that the cemetery association has assets in the form of bank accounts and perhaps certificates of deposit from this activity.

If this is in fact a Fork Township cemetery, then the Fork Township Board is solely responsible for the collection of revenues and payment of expenses for the operation of the cemetery. The Township Board should be responsible for approving the payment of all cemetery bills, while the Township Clerk and Treasurer have the responsibility of issuing checks for payment. The Treasurer should also be receiving all cemetery revenues and depositing it in a Fork Township bank account.

I don't believe that the cemetery association could continue its operation of the cemetery by having an audit of its own either. The fact remains that the cemetery is Township property and public money is being used to finance it; therefore the Township Board is responsible for it.

It is also my understanding that the Township Board may allow input from the cemetery association, but in the end, the Township Board is the entity responsible for the activity of the cemetery.

I do not know what right the Township Board may have regarding any cash accounts or certificates of deposit that the cemetery association may have acquired through its cemetery operations. My suggestion is that legal advice be sought in this situation.

OTHER MATTERS

I want to thank your personnel for the courtesy and cooperation shown me by them during the audit process.

I have mailed two copies of the audit report and this letter to the Michigan Department of Treasury.

You have been given the completed copy of the Form F-65, which the Clerk must sign and mail to the Michigan Department of Treasury.

If you have any questions regarding the above or the audit, please contact me.

Terry Kuntz, CPA, P.C.